

OIL AND GAS LEASE

515-2224

AGREEMENT, Made and entered into the 30 day of May, 2007, by and between CORPORATION OF THE PRESIDING BISHOP OF THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS, A UTAH CORPORATION SOLE whose address is 50 East North Temple Street, Salt Lake City, Utah 84510 hereinafter called Lessor (whether one or more) and DALE PROPERTY SERVICES, LLC whose address is 3000 Altamesa Blvd. Suite 300, Fort Worth, TX 76133 hereinafter called Lessee:

WITNESSETH: that Lessor, for and in consideration of ten or more DOLLARS (\$10.00+) in hand paid, receipt of which is hereby acknowledged, and of the agreements of lessee hereinafter set forth, hereby grants, demises, leases and lets exclusively unto said lessee the lands hereinafter described for the purpose of prospecting, exploring by geophysical and other methods, drilling, mining, operating for and producing oil or gas, or both, including, but not as a limitation, casinghead gas, casinghead gasoline, gas-condensate (distillate), gas producible from coal-bearing formations, and any substance, whether similar or dissimilar, produced in a gaseous state, all associated hydrocarbons produced in a liquid or gaseous form, all sulfur, and for injecting water and other fluids, gas, air, and other gaseous substances into subsurface strata, together with the right to construct and maintain pipelines, telephone and electric lines, tanks, powerlines, ponds, roadways, plants, equipment, and structures thereon to produce, save and take care of said oil and gas, and the exclusive right to inject air, gas, water, brine and other fluids from any source into the subsurface strata and any and all other rights and privileges necessary, incident to, or convenient for the economical operation of said land, alone or co-jointly with neighboring land, for the production, saving and taking care of oil and gas and the injection of air, gas, water, brine, and other fluids into the subsurface strata, said being situated in the County of Tarrant State of Texas to wit:

Lot 1, of the Mormon Addition, an addition to the City of Fort Worth, Tarrant County, Texas, also known as 5001 Altamesa Boulevard, more particularly described by metes and bounds in that certain Plat Map recorded in Volume 388-111 Page 79 of the Plat Records, Tarrant County, Texas. (5001 Altamesa Blvd.)

together with all strips, parcels of land and riparian rights adjoining or contiguous to the above described tract of land, and owned or claimed by Lessor and containing **4.64 gross acres** more or less of which Corporation of the Presiding Bishop of The Church of Jesus Christ of Latter-day Saints owns **4.64 net acres**.

1. It is agreed that this lease shall remain in force for a term of **three (3) years** from this date and as long hereafter as oil or gas of whatsoever nature or kind is produced from said leased premises or on acreage pooled therewith, or drilling operations are continued as hereinafter provided. If, at the expiration of the primary term of this lease, oil or gas is not being produced on the leased premises or on acreage pooled therewith but Lessee is then engaged in drilling or re-working operations thereon, then this lease shall continue in force so long as operations are being continuously prosecuted on the leased premises or on acreage pooled therewith; and operations shall be considered to be continuously prosecuted if not more than ninety (90) days shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on said land or on acreage pooled therewith, the production thereof should cease from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling or re-working operations within ninety (90) days from date of cessation of production or from date of completion of dry hole. If oil or gas shall be discovered and produced as a result of such operations at or after the expiration of the primary term of this lease, this lease shall continue in force so long as oil or gas is produced from the leased premises or on acreage pooled therewith.

2. This is a **PAID-UP LEASE**. In consideration of the down cash payment, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of said land and as to any strata or stratum by delivering to Lessor or by filing for record a release or releases, and be relieved of all obligation thereafter accruing as to the acreage surrendered. The consideration paid upon delivery of this lease shall be deemed as bonus and rental payment in full.

3. In consideration of the premises the said Lessee covenants and agrees:

1st. To deliver to the credit of Lessor, free of cost, in the pipe line to which Lessee may connect wells on said land, the equal of **Twenty-Five (25%)** of all oil produced and saved from the leased premises. Lessor may, from time to time, at its option, take royalty in kind.

2nd. To pay lessor **Twenty-Five (25%)** of the gross proceeds each year, payable monthly, for the gas from each well where gas only is found, while the same is being used off the premises or in the manufacture of gasoline or any other product, including any associated liquids stripped from the gas off the premises, a royalty of **Twenty-Five (25%)** payable monthly at the prevailing market rate.

3rd. To pay Lessor for gas produced from any oil well and used off the premises or in the manufacture of gasoline or any other product, a royalty **Twenty-Five (25%)** of the proceeds, at the point of sale, payable monthly at the prevailing market rate.

4. Where gas from a well capable of producing gas is not sold or used, Lessee shall pay or tender as royalty to the royalty owners One Dollar per year per net royalty acre retained hereunder, such payment or tender to be made on or before the anniversary date of this lease next ensuing after the expiration of 90 days from the date such well is shut in and thereafter on or before the anniversary date of this lease during the period such well is shut in. Such payment or tender shall be considered as gas production within the meaning of this lease.

5. If said Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties (including any shut-in gas royalty) herein provided for shall be paid the Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.

6. Lessee shall have the right to use, at fair market value, gas, oil and water produced on said land for Lessee's operation thereon, except water from the wells of Lessor.

7. When requested by Lessor, Lessee shall bury Lessee's pipe line below maximum tillable depth.

8. No well shall be drilled nearer than 200 feet to houses, barns or other facilities, including Lessors water facilities now on said premises without written consent of Lessor. Notwithstanding anything to the contrary, Lessee agrees that it will conduct no operations on the surface of the leased lands without the consent of Lessor. It is further agreed and understood that Lessee shall have the right to drill and operate directional wells through and under said land, irrespective of the bottom hole locations of said wells. To this end, Lessor hereby grants to Lessee a subsurface easement for all purposes associated with such directional wells. Lessee agrees that the subsurface easement shall commence at and continue below the depth of 500 feet.

9. Lessee shall pay for damages caused by Lessee's operations to growing crops on said land. Any and all such damages shall be negotiated with the Surface Owner through Surface Agreement contracts separate from this lease.

10. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

11. The rights of Lessor and Lessee hereunder may be assigned in whole or part. No change in ownership of Lessor's interest (by assignment or otherwise) shall be binding on Lessee until Lessee has been furnished with notice, consisting of certified copies of all recorded instruments or documents and other information necessary to establish a complete chain of record title from Lessor, and then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be binding on Lessee. No present or future division of Lessor's ownership as to different portions or parcels of said land shall operate to enlarge the obligations or diminish the rights of Lessee, and all Lessee's operations may be conducted without regard to any such division. If all or any part of this lease is assigned, no leasehold owner shall be liable for any act or omission of any other leasehold owner.

12. Lessee, at its option, is hereby given the right and power at any time and from time to time as a recurring right, either before or after production, as to all or any part of the land described herein and as to any one or more of the formations hereunder, to pool or unitize the leasehold estate and the mineral estate covered by this lease with other land, lease or leases in the immediate vicinity for the production of oil and gas, or separately for the production of either, when in Lessee's judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease or leases. Likewise, units previously formed to include formations not producing oil or gas, may be reformed to exclude such non-producing formations. The forming or reforming of any unit shall be accomplished by Lessee executing and filing of record a declaration of such unitization or reformation, which declaration shall describe the unit. Any unit may include land upon which a well has theretofore been completed or upon which operations for drilling have theretofore been commenced. Production, drilling or reworking operations or a well shut in for want of a market anywhere on a unit which includes all or a part of this lease shall be treated as if it were production, drilling or reworking operations or a well shut in for want of a market under this lease. In lieu of the royalties elsewhere herein specified, including shut-in gas royalties, Lessor shall receive on production from the unit so pooled royalties only on the portion of such production allocated to this lease. Such allocation shall be that proportion of the unit production that the total number of surface acres covered by this lease and included in the unit bears to the total number of surface acres in such unit. In addition to the foregoing, Lessee shall have the right to unitize, pool, or combine all or any part of the above described lands as to one or more of the formations thereunder with other lands in the same general area by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with like approval, to modify, change or terminate any such plan or agreement and, in such event, the terms, conditions and provisions of this lease shall be deemed modified to conform to the terms, conditions, and provisions of such approved cooperative or unit plan of development or operation and, particularly, all drilling and development requirements of this lease, express or implied, shall be satisfied by compliance with the drilling and development requirements of such plan or agreement, and this lease shall not terminate or expire during the life of such plan or agreement. In the event that said above described lands or any part thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalties to be paid hereunder to Lessor, be regarded as having been produced from the particular tract of land to which it is allocated and not to any other tract of land; and the royalty payments to be made hereunder to Lessor shall be based upon production only as so allocated. Lessor shall formally express Lessor's consent to any cooperative or unit plan of development or operation adopted by Lessee and approved by any governmental agency by executing the same upon request of Lessee.

13. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of any such Law, Order, Rule or Regulation.

14. Lessor agrees that the Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgages, taxes or other liens on the above described lands, in the event of default of payment by Lessor and be subrogated to the rights of the holder thereof, and the undersigned Lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, insofar as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

15. Should any one or more of the parties herein above named as Lessor fail to execute this lease, it shall nevertheless be binding upon all such parties who do execute it as Lessor. The word "Lessor", as used in this lease, shall mean any one or more or all of the parties who execute this lease as Lessor. All the provisions of this lease shall be binding on the heirs, successors and assigns of Lessor and Lessee.

OTHER PROVISIONS:

16. Lessee and Lessor agree that any access roads, well sites, or pipelines to be constructed under the terms of this lease shall be done in consultation with the Lessor, under the terms of a Surface Agreement as mentioned in Paragraph #9 of this lease.

17. Lessee agrees that as soon as is reasonably possible, following completion of its operations, Lessee shall restore its well site, as nearly as possible, to its original condition and land contour.

18. Lessee agrees to be a prudent operator and will keep all surface disturbances to the minimum area necessary to conduct its operations.

19. Lessee shall indemnify and hold Lessor, its successors, officers, employees, corporate affiliates, and successors, officers and employees of its corporate affiliates harmless, at Lessee's cost, from and against any and all liability, liens, claims and environmental liability, including reasonable attorneys' fees, arising out of Lessee's operations under the terms of this lease.
20. Lessee and Lessee's successors and assigns may assign or sublease this lease, in whole or in part, provided Lessor shall be notified prior to any and all such assignments and subleases, and shall be furnished with full information with regard thereto, and shall have the right of approval of all such assignments and subleases.
21. Lessee shall at all times during the period of occupancy of the leased premises, and at its own cost and expense, procure and continue in force commercial general liability insurance covering the leased premises including coverage for independent contractors, products, completed operations, blanket or broad form contractual coverage, insuring the indemnification provision under Paragraph #19 of this lease, personal injury liability, broad form property damage, and fire legal liability. Required limits are \$1 million per occurrence and \$2 million annual aggregate bodily injury and property damage; \$1 million per occurrence, products and completed operations; \$1 million per offense, personal injury; and \$1 million fire legal liability.
22. A **Twenty-Five (25%)** royalty of the gross proceeds each year, payable monthly, for any sulfur recovered from the leased premises.
23. Lessor does not agree to furnish water rights to Lessee under this lease, and Lessee agrees not to interfere with production of water by Lessor under any of Lessor's water rights. Any water rights needed by Lessee for its operations under this lease shall be obtained by Lessee at its cost.
24. All rights to minerals not expressly leased by Lessee are expressly reserved by Lessor. Lessor shall have the right during the pendency of this lease to let the premises to third parties for the purposes of extracting sand, gravel, clay and metallic minerals from any and all portions of the property that can be mined without interfering with Lessee's operations under this lease, and shall have no obligation to Lessee with regard to royalties obtained from such leases.
25. A producing well shall perpetuate this lease beyond the expiration of the primary term of this lease only as to the lands contained within the Governmental spacing unit for that productive well.
26. In the event a well drilled on the leased premises fails to encounter commercial quantities of oil or gas, Lessor shall have the option, at its sole risk and expense, to assume all the costs and obligations concerning said well for the purpose of completing it as a water well.
27. Lessor shall have access to the wellsite at all reasonable times, at its sole risk, to observe operations and shall have access to information pertaining to the progress thereof. Lessor shall notify operator in advance of any proposed visit to the well site. Operator, upon request, shall furnish Lessor with one copy of all forms or reports filed with governmental agencies, wireline logging surveys, drillstem test reports, core analyses, well histories, completion reports, and sample descriptions. Lessor shall be allowed to witness any drillstem test and shall be notified of any such test within a reasonable time to allow Lessor to reach the well and witness said test. If Lessor elects not to witness the test, Operator agrees to notify Lessor immediately of the results of the test. Notification shall be given to:

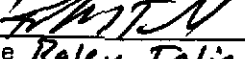
Natural Resources Section
50 East North Temple Street, 12th Floor
Salt Lake City, Utah 84150-0012
Phone 801-240-5288 (office)

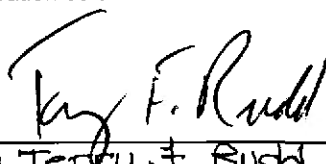

Lessor shall, at Operator's request, keep all such information confidential for the length of time required by the Operator.

IN WITNESS WHEREOF, this instrument is executed as of the date first above written.

Lessee: Dale Property Services, LLC

Lessor: Corporation of the Presiding Bishop of The
Church of Jesus Christ of Latter-day Saints, a Utah
corporation sole

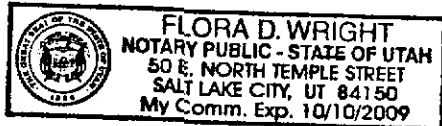
By 
Name Raley Taliaferro
Title Vice President
Date 6-9-09

By 
Name Terry F. Budd 
Its: Authorized Agent
Date 30 May 09

STATE OF UTAH)
COUNTY OF SALT LAKE) :ss

On this 29th day of MAY, 2008, personally appeared before me
TERRY F. RUND, personally known to me to be an Authorized Agent of Corporation
of the Presiding Bishop of The Church of Jesus Christ of Latter-day Saints, a Utah corporation sole, who
acknowledged before me that he signed the foregoing instrument as Authorized Agent for Corporation of the
Presiding Bishop of The Church of Jesus Christ of Latter-day Saints, a Utah corporation sole and that said
instrument is the free and voluntary act of said Corporation, for the uses and purposes therein mentioned,
and on oath stated that he was authorized to execute said instrument on behalf of said Corporation and that
said Corporation executed the same.

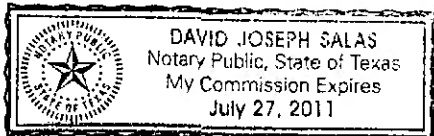
WITNESS my hand and official seal.



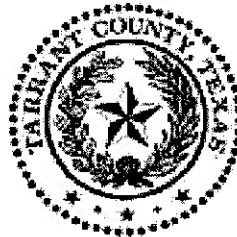
Flora D. Wright
Notary Public
Residing at: Salt Lake City, Utah
My commission expires:
OCT 10, 2009

STATE OF TEXAS)
COUNTY OF TARRANT) :ss

On this 8th day of JUNE, 2009, personally appeared before me
RALEY TALIAFERRO, who acknowledged that he executed the foregoing as
VICE PRESIDENT of DALE PROPERTY SERVICES, LLC.



David Joseph Salas
Notary Public
Residing at: FORT WORTH, TX
My commission expires: JULY 27, 2011



DALE RESOURCES LLC
2100 ROSS AVE STE 1870 LB-9

DALLAS TX 75201

Submitter: DALE RESOURCES LLC

SUZANNE HENDERSON
TARRANT COUNTY CLERK
TARRANT COUNTY COURTHOUSE
100 WEST WEATHERFORD
FORT WORTH, TX 76196-0401

DO NOT DESTROY
WARNING - THIS IS PART OF THE OFFICIAL RECORD.

Filed For Registration: 06/11/2009 09:21 AM
Instrument #: D209155311
LSE 5 PGS \$28.00

By: _____



D209155311

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE
OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR
RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

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